



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

June 26, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER
CONTRACT COMPLIANCE REVIEW**

We have completed a contract compliance review of San Fernando Valley Community Mental Health Center (SFV-CMHC or Agency), a Department of Mental Health Services (DMH) service provider. The Auditor-Controller's Countywide Contract Monitoring Division conducted this review.

Background

DMH contracts with SFV-CMHC, a private, non-profit, community-based organization, which provides services to clients in Service Planning Area 2. The services that SFV-CMHC provided includes Targeted Case Management Services, Mental Health Services, Medication Support Services, Crisis Intervention, Day Treatment Intensive, Day Rehabilitation, and Adult Transitional Residential Services. SFV-CMHC's headquarters is located in the Third District.

For our review period, DMH paid SFV-CMHC between \$1.32 and \$3.17 per minute of staff time (\$79.20 to \$190.20 per hour) and between \$86.23 and \$123.38 for services billed by the day. For Fiscal Year 2005-06, DMH contracted with SFV-CMHC to provide approximately \$19.5 million in services overall.

Purpose/Methodology

The purpose of the review was to determine whether SFV-CMHC provided the services outlined in their contract with the County. Our review focused on reviewing approved Medi-Cal billings where the County General Fund paid at least 35% of the total service

"To Enrich Lives Through Effective and Caring Service"

cost. As part of our review, we evaluated whether the Agency achieved planned service levels. Our monitoring visit included a review of a sample of SFV-CMHC's billings, participant charts, and personnel and payroll records. We also interviewed staff from SFV-CMHC and interviewed a sample of the participants' parents and guardians.

Results of Review

Overall, the Agency used qualified staff to perform the services billed and the clients interviewed stated that the services they received from the Agency met their expectations.

SFV-CMHC over billed DMH for 1,340 minutes and three service days. The amount of the over billings totaled \$2,751. Specifically, we noted the following:

- The Agency did not provide documentation to support 890 (10%) minutes and three service days in our judgmental sample of billings.
- The Agency billed DMH for 160 minutes for services provided in a jail. The County contract does not allow the contractor to bill for services provided in a jail.
- The Contractor billed DMH twice for the same services (230 minutes).

SFV-CMHC did not provide more than four hours of services for all ten Day Rehabilitation Program sessions and all eight Adult Day Treatment Intensive Program sessions reviewed, in order to bill DMH for a full-day of services. Although the service hours that the Agency provided for the Day Rehabilitation Program and Day Treatment Intensive Program sessions do not meet the requirements for a full-day billing, the service hours may qualify for a half-day billing. The Agency and DMH need to work together to determine the amount over billed.

In addition, SFV-CMHC did not sufficiently document 1,224 (14%) of the 8,571 service minutes and 60 (26%) of 231 service days sampled. The Agency also did not maintain sufficient documentation to support their compliance with staffing ratio requirements for the Adult Transitional Residential facilities, Day Rehabilitation, and Day Treatment Intensive Programs.

We have attached the details of our review, along with recommendations for corrective action.

Review of Report

We discussed the results of our review with SFV-CMHC on April 27, 2006. In their attached response, SFV-CMHC generally agreed with the results of our review and described their corrective actions to address the findings and recommendations contained in the report.

SFV-CMHC also stated that we did not consider additional documentation that they subsequently provided our office to support their compliance with staffing ratio requirements. Throughout the entire review process, in instances in which the Agency provided appropriate documentation, we adjusted our report accordingly. However, we explained to the Contractor that the additional documentation that they provided to support their compliance with staffing ratio requirements contained discrepancies.

We thank SFV-CMHC management for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Ian Hunter, Executive Director, San Fernando Valley Community Mental Health Center
Public Information Office
Audit Committee

**DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2005-2006
SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER**

BILLED SERVICES

Objective

Determine whether San Fernando Valley Community Mental Health Center (SFV-CMHC or Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Verification

We judgmentally selected 8,571 minutes from 474,349 service minutes and 231 service days from 1,183 service days that the Agency billed DMH for approved Medi-Cal billings where the County General Fund paid at least 35% of the total service cost. For the selected billings, we reviewed the Progress Notes, Assessments, and Client Care Plans maintained in the clients' charts. The 8,571 minutes represent services provided to 71 program participants as reported by the Agency. We also reviewed an addition 1,390 minutes that were for identical services to individuals received on the same service date.

In addition, we judgmentally selected ten Day Rehabilitation Program, eight Adult Day Treatment Intensive Program and two Youth Day Treatment Intensive Program sessions and reviewed the documentation to support the provision of services. Although we started our review in November 2005, the most current billing information available from DMH's billing system was April and May 2005.

Results

SFV-CMHC over billed DMH for 1,340 minutes and three service days. The amount of the over billings totaled \$2,751. Specifically, we noted the following:

- The Agency did not provide documentation to support 890 (10%) minutes and three service days in our judgmental sample of billings.
- The Agency billed DMH for 160 minutes for services provided in a jail. Such billings are not allowed by the contract.
- The Contractor billed DMH twice for the same services (230 minutes).

In addition, SFV-CMHC did not sufficiently document 1,224 (14%) of the 8,571 service minutes and 60 (26%) of 231 service days sampled. Specifically, we noted the following:

- The Agency billed 908 minutes for multiple staff present during an intervention, but the Progress Notes did not describe the specific contribution of each staff person and/or indicate the time spent by each staff.
- The Agency billed 280 minutes for Targeted Case Management Services, but the progress notes did not describe Linkage, consultation, or placement, as required by the Provider Manual.
- The Agency billed 221 minutes for Mental Health Services, but the Progress Notes did not describe what the client or service staff attempted and/or accomplished towards the client's goal(s).
- The Agency billed 59 days for Adult Transitional Residential Services, but the Agency did not maintain weekly summaries, as required by the Provider Manual.
- The Agency billed four service days for Adult Transitional Residential Services but the chart documentation and census logs maintained by the contractor were inconsistent in support of the clients' presence at the facility.

The total number of insufficiently documented minutes and days cited above exceeded the number of insufficiently documented minutes reviewed because some of the Progress Notes contained more than one deficiency.

Day Rehabilitation and Day Treatment Intensive Program Duration

SFV-CMHC operates a Day Rehabilitation Program, an Adult Day Treatment Intensive Program, and a Youth Day Treatment Intensive Program. The County contract requires that the Agency provide more than four hours of service in order to bill DMH. The four-hour timeframe does not include time spent for lunch, dinner and breaks. The Agency maintains program schedules to document compliance with this requirement.

SFV-CMHC did not provide more than four hours of services for all ten Day Rehabilitation Program sessions and all eight Adult Day Treatment Intensive Program sessions reviewed. The program schedule indicated that the sessions' timeframes also did not exceed four hours for the Youth Day Treatment Intensive Program sessions. However, subsequent to our review, the Agency provided a revised program schedule that indicated the Youth Day Treatment Intensive Program sessions exceed the four-hour timeframe.

Although the service hours that the Agency provided for the Day Rehabilitation Program and Day Treatment Intensive Program sessions do not meet the requirements for a full-day billing, the service hours may qualify for a half-day billing. However, the contractor does not have an agreement with DMH to provide half-day sessions. The contractor should work with DMH to determine the amount over billed.

Assessments and Client Care Plans

SFV-CMHC completed Assessments for 70 (99%) of 71 clients sampled. However, for five (83%) of six Adult Transitional Residential clients included in the sample, SFV-CMHC did not complete the Assessment upon clients' admission to the program, as required by the County contract. The Agency completed the Assessments an average of 21 days after admission for four of the clients and did not complete an Assessment for the remaining client. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the client's mental health treatment needs.

For five (7%) of the 71 clients, SFV-CMHC did not have a current Client Care Plan for each treatment billed. In addition, nine (13%) Client Care Plans were not signed by the client and/or parent/guardian indicating their participation in the development of the Client Care Plan, as required by the contract. A Client Care Plan identifies the type of treatment the contractor will provide the client to address the issues identified in the Assessment.

Recommendations**SFV-CMHC management:**

- 1. Repay DMH \$2,751 for amounts over billed.**
- 2. Ensure that a system is in place to identify and correct over-billings.**
- 3. Maintain sufficient documentation in the case files to support its compliance with contract requirements for the services billed to DMH.**
- 4. Ensure that the duration of the Day Rehabilitation and Day Treatment Intensive Programs exceed four hours excluding lunch and breaks.**
- 5. Work with DMH management to determine the amounts over billed for its Day Treatment and Day Rehabilitation programs and repay DMH.**
- 6. Ensure that Assessments are completed timely.**
- 7. Maintain a current Client Care Plan for each service billed and ensure that it includes the client and parent/guardian's signature(s).**

CLIENT VERIFICATION

Objectives

Determine whether the program participants actually received the services that SFV-CMHC billed DMH.

Verification

We interviewed nine participants to confirm that the participants were clients of SFV-CMHC and that they received the services that the Agency billed DMH.

Results

The nine program participants stated that the services they received from the Contractor met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING LEVELS

Objective

Determine whether staffing levels are consistent with the staffing levels and ratio requirements indicated in the County contract.

Verification

We judgementally selected 60 service days that SFV-CMHC billed for services in its Adult Transitional Residential facilities, Day Rehabilitation, and Day Treatment Intensive Programs. We reviewed the client census reports, employee work schedules, and their timecards for April and May 2005.

Results

We were unable to determine whether SFV-CMHC maintained the appropriate client to staffing ratios for 25 (42%) of 60 of the service days due to discrepancies between employee work schedules, their timecards, and the client census reports. In addition, for six (35%) of 17 days when there were more than 12 clients in the Day Treatment Intensive Program, the Agency did not maintain sufficient documentation to support that staff from at least two disciplines attended the sessions.

Recommendation

8. SFV-CMHC management maintain sufficient records to document its compliance with the staffing requirements for the Adult Transitional Residential facilities, Day Rehabilitation, and Day Treatment Intensive Programs.

STAFFING QUALIFICATIONS**Objective**

Determine whether SFV-CMHC's treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 134 (53%) of 252 SFV-CMHC treatment staff and reviewed documentation to support their qualifications.

Results

Each employee in our selected sample possessed the qualifications required to deliver the services billed.

Recommendation

There are no recommendations for this section.

SERVICE LEVELS**Objective**

Determine whether SFV-CMHC's reported service levels varied significantly from the service levels identified in the DMH contract.

Verification

We obtained the 2004-05 Cost Report submitted to DMH by SFV-CMHC and compared the dollar amount and billed units of service to the contracted units of service identified in the contract for the same period.

Results

SFV-CMHC operated within its contracted amount of \$20 million overall. However, within specific service categories the contractor provided 279,000 (77%) more Crisis Intervention Service units than contracted without prior written authorization from DMH, as required by the contract.

Recommendation

9. **SFV-CMHC management obtain written authorization from DMH prior to deviating from contracted service levels.**



Since 1970

SAN FERNANDO VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

— — — — — Moving Lives Forward — — — — —

6931 Van Nuys Blvd., 3rd Floor, Van Nuys, CA 91405 Tel: (818) 901-4830 Fax: (818) 373-4830

Ian Hunter, Ph.D., Executive Director

BOARD OF DIRECTORS

Gloria J. Katz, Esq., President
Karen Richardson, J.D., First Vice-President
William F. Byers, Esq., Second Vice-President
Seymour J. DeMonteff, C.P.A., Treasurer
Patricia L. McCabe, Esq., Secretary

W. Ian Davenport, M.A., M.S.

Philip Englander

Anne Fraticola

William Huhng, Ph.D.

Zita D. Kass, M.A.

Elizabeth Kaufman, J.D.

Marilyn Sand, Ph.D., MFCC

Denise Richman, M.S.

Charlie Rubin

Stanley L. Singer, Ph.D.

Marjorie Stoddard

Lynne Tracy, M.A.

ADVISORY BOARD

Senator Richard Alarcon

Congressman Howard Berman

City Commissioner Tony Cardenas

Marsha Hunt

Jillie Kerenstein, L.E., Board of Education

Senator Sheila Kuehl

Assemblymember Lloyd Levine

Sen. Lowittsen, L.A. Board of Education

Assemblymember Cindy Montano

Congressman Brad Sherman

Supervisor Zvi Yaroslavsky

Congressman Henry Waxman

PROGRAMS

ADOLESCENT COMMUNITY TREATMENT (ACT)

CAWORKS DOMESTIC VIOLENCE

CAWORKS SUPPORTIVE SERVICES

CENTER FOR FAMILY LIVING

CENTRAL VALLEY YOUTH AND FAMILY CENTER

CHILDREN'S SYSTEM OF CARE

COMMUNITY ASSESSMENT SERVICE CENTER

CONVERSIONS

EARLY AND JOINT EMERGENCY CENTER

FOR ADULTS WITH DISABILITIES

FOUNDATIONS (AB 2034)

FAMILY LINKS

FAMILY PRESERVATION

THE HARBOR

HOMECARE

INDEPENDENT LIVING PROGRAM

LIFE WORKS (ADULT DAY TREATMENT)

MARSHALL CREEK EARLY PSYCHOTIC

MULTISYSTEMIC THERAPY PROGRAM

NORRIS JUVENILE JUSTICE

NORTH VALLEY YOUTH & FAMILY CENTER

PROJECT NEW START

TELEPHONE BEHAVIORAL SERVICES

TRANSITION YOUTH DAY TREATMENT

TRANSITIONAL YOUTH OUTPATIENT

TRADING POST (WILDERNESS)

YOUTH EMPLOYMENT SERVICES

VICTORY CLOUTIER

YOUTH CONTACT SCHOOL BASED SERVICES

www.sfvcmhc.org

June 16, 2006

Mr. J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

Re: Response to Audit-Controller's Contract Review

Dear Mr. McCauley:

The San Fernando Valley Community Mental Health Center, Inc. (Center) has reviewed the auditor-controller's contract monitoring report for services provided during the months of April and May 2005.

The auditor's report confirms that the Center is achieving its main objectives of employing qualified staff who have strong diagnostic screening and assessment skills, and providing appropriate and needed services to clients in a way that meets the clients' level of satisfaction.

Over the past 20 years, the Center has partnered with the county to provide quality services to children, transitional age youth, adults and older adult clients with severe and persistent mental illness. The Center and its staff are committed to adhering to the terms of the contract and the requirements set forth by the state and the county.

As a result of the audit, the Center's management team has modified its daily operating procedures and made improvements to its tracking systems. In addition, the Center has enhanced its staff documentation and billing trainings to incorporate the findings and recommendations listed in the audit report.

However, two issues were raised in the auditor's report for which the Center wishes to present further clarification and perspective:

June 16, 2006
Mr. J. Tyler McCauley
Page 2

Issue 1:

The audit report states that the Center's Victory Clubhouse Day Rehabilitative and Lifeworks Adult Day Treatment Intensive Programs do not provide more than four hours of services to qualify for a full-day billing because the schedule did not exclude breaks and lunches. The reason that the breaks and lunches were not excluded is because the therapeutic milieu occurs continuously throughout the scheduled hours of operation for the program. The lunch break at the Victory Clubhouse Day Rehabilitative Program is client driven and operated.

The clients participate in the preparation of the lunch meals and learn valuable life skills, such as: planning and shopping for nutritious foods and learning how to cook a variety of meals. The clients are able to practice these daily living skills while participating in the Day Rehabilitative Program. As a result, the clients increase their levels of independence and life functioning. Throughout this period, the staff are assisting the clients with developing social interaction skills by modeling appropriate social skills, facilitating positive discussions between clients and assisting clients in resolving conflicts as they arise.

Similarly, the Lifeworks Adult Day Treatment Intensive Program is a full day, intensive therapeutic milieu program. The therapeutic milieu takes place for the continuous scheduled hours of operation for the program. In fact, during the clients' lunch break, treatment staff provide clients with social interaction skills in order to assist clients with learning how to develop and maintain peer relationships. During this time period, treatment staff are modeling appropriate social skills, facilitating positive discussions between clients and assisting clients in resolving conflicts as they arise.

Issue 2:

The audit report states that required staff to client ratios were periodically not met in Adult Transitional Residential facilities, Day Rehabilitation, and Day Treatment Intensive Programs. The Center provided the auditors with various source documents to demonstrate that these ratios were met on a daily basis: program staff rosters, sign in sheets and time cards.

June 16, 2006
Mr. J. Tyler McCauley
Page 3

The Center's management team later found that the staff rosters originally provided to the auditors did not include relief or temporary staff and that the staff were not consistently complying with the staff sign in procedure. As a result, staff then provided the auditors with additional supporting documentation – staff time sheets and daily notes- to show that staff were present and that services were delivered to the client(s) on several of the dates in question. Because this documentation was provided after the close of the formal audit process, the auditor controller did not adjust the report to reflect the additional information.

Relative to the other main citings indicated in the auditors report, the Center has implemented the following plan of corrective action:

1. Overbilled and Duplicate Billings

The services that were over billed can be attributed to one or more of the following: 1) service staff error in completing the unit of service log, 2) MIS data entry staff error in inputting the minutes billed into the MIS system, and 3) two missing progress notes from the client record.

In order to ensure that progress notes and unit of service logs are completed accurately, the Center's management team will improve the documentation and billing trainings provided to service and administrative staff.

The Center's management team has closely reviewed current procedures for ensuring that a well documented Progress Note (claim) will be written prior to the claim being billed/entered on the MIS/IS system. Each program has identified a key staff member, usually the administrative assistant, to ensure that billing entries are supported by a claim prior to submitting the Unit of Service Logs to the Center's billing department for data entry into the MIS/IS system.

In addition to daily reconciliation of the billing claims with the Unit of Service Logs, the Center's Quality Assurance Department will conduct quarterly audits of client records to ensure that entries made on the Unit of Service Logs coincide with the claims documented in the client's record.

June 16, 2006
Mr. J. Tyler McCauley
Page 4

The Center's MIS/IS Coordinator will improve the administrative procedures for reconciling duplicate billings on a consistent and regular basis. The Coordinator will continue to utilize the DMH Duplicate Billings/Error Correction Reports to reconcile units of services logs on a monthly/quarterly basis. The Coordinator will follow through with correcting any duplicate billings by cross referencing the IS reports with the unit of service logs and void any duplicates or errors on the MIS/IS system as appropriate.

2. Staff and Client Daily Attendance Sheets

The Center has standardized the Staff and Client Daily Attendance Sheets for all Day Rehabilitative, Day Treatment Intensive Programs and Adult Residential Programs. The attendance sheet is used to 1) document staff to client ratios, 2) ensure that staff and clients are present throughout the hours of operation, and 3) calculate the number of clients served for the day. At each program, an administrative staff member has been assigned the responsibility of ensuring that the attendance sheet is completed and signed by clients and staff on a daily basis. The Program Manager is responsible for approving the attendance sheets in order to ensure that staff to client ratios were met.

3. Day Rehabilitative and Day Treatment Intensive Program Schedules

The Center has extended the hours of operation for these programs in order to exceed four hours of treatment milieu services.

In summary, the auditor's recommendations for improving the Center's administrative systems and documentation of services have been implemented throughout the Center's programs. The Center and its management team appreciate the hard work and dedication of the audit team, and the professional manner in which they carried out their duties.

If you should have any additional questions, please do not hesitate to contact me at (818) 901-4830.

Sincerely,



Ian Hunter, Ph.D.
Executive Director